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FIRST COUNTRY COOPERATION FRAMEWORK FOR TURKMENISTAN (1997-1999)

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INTRODUCTION

1. During the period 1995-1996, priority areas for the country cooperation framework (CCF) were discussed with the Government, donors and non-governmental organizations (NGOs), in order to identify how UNDP resources could be used most effectively to support the sustainable human development process. The CCF process also served as the basis for the identification of national programmes for potential assistance of UNDP, and for a future country strategy note.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. Turkmenistan possesses some of the largest natural gas reserves in the world. It has 64 per cent of the oil reserves in Central Asia. In the agricultural sector, it has traditionally been a major producer and exporter of cotton. Despite the country's potential wealth, however, the real per capita gross national product (GNP) of its 4.5 million inhabitants has continuously declined since independence in 1991, as has the gross domestic product (GDP), by about 59 per cent from 1990-1995 due to decreases in energy and agricultural production.

3. The ability of the economy and the people to withstand the shock of transition has been due to the consolidation of a strong centralized government on the one hand, and the gradual broadening of popular participation in national decision-making on the other. At the same time, the Government has been opening up the economy to foreign investment.

4. With respect to the priority areas of sustainable human development (SHD) identified by UNDP, poverty prevention is of substantial concern to the Government. A four-fold increase has been noted in those living below the official poverty line, which rose from 12 per cent in 1987-1988 to 48 per cent in 1993-1994, accompanied by rising income inequality. Due to budget constraints, the share of the budget dedicated to social purposes, especially for pensioners (10 per cent of the population) and other social allowances, decreased. As a result, the Government has formulated sectoral reform programmes, with UNDP support for health and education to adjust these sectors to the future needs of a market economy.

5. In terms of the environment, there is a high proportion of desert covering 80 per cent of the country's territory. Misguided management during the Soviet era has contributed to serious problems of increasing desertification. The country is marked by an arid climate and limited water resources, and a policy of massive investment in irrigated agriculture (including construction of the 1,100 kilometre Karakum canal, the longest in the world) coupled with an inadequate drainage network, have led to a high degree of evaporation and salinity, and the potential loss of large areas of formerly fertile land. In addition, the excessive exploitation of upstream water resources for agricultural and industrial purposes has resulted in a major drop in the level of the Aral Sea. At the same time, the rise in the level of the Caspian Sea,

for natural rather than man-made reasons, is threatening substantial lengths of coastline and peripheral urban and industrial infrastructures.

6. With respect to gender issues, the high degree of opportunity that women enjoyed during the Soviet period, and their important social status based on educational achievements, have been maintained during the transition period, while levels of employment have fallen only marginally. Women account for 36 per cent of those employed at management levels and in administration, and hold 18 per cent of the seats in Parliament.

II. RESULTS AND LESSONS OF PAST COOPERATION

7. Since beginning operations in Turkmenistan in December 1994, UNDP has assisted the formulation and implementation of nine national projects, with special emphasis on improving the country's health-care system, education system and provision of public services. Intensive assistance in management training was provided in an effort to heighten the impact of these and other UNDP-assisted projects. Assistance was also given through regional initiatives such as an Aral Sea Basin capacity development project, a women in development project and preparation of national human development reports in both 1995 and 1996.

8. The past two years of UNDP assistance have demonstrated the value of (a) small-scale initiatives, to serve as tangible evidence of what the United Nations system can do and to build good will and generate additional support; primary examples are the projects for management training (computers and English teaching), urban solid waste management and urban water supply, and renovation of a museum to promote the country's cultural heritage; (b) policy dialogue in selected areas of SHD, including the preparation of planning documents such as the master plan for the health sector and the education sector review, and the organization of thematic working groups and regular donor coordination meetings; (c) short-term advisory missions to address specific issues and bring a broader international perspective to the solution of development problems such as those relating to the Caspian Sea coastal management; (d) regional projects as a complement to national activities; (e) promoting the use of the programme approach, which relies on the concept of a national programme as the main framework for project design, implementation, donor coordination and resource mobilization; (f) the use of national consultants and expertise in project implementation, particularly using the national execution modality; and (g) having common United Nations premises and coordination mechanisms to promote complementarity of inputs from the various United Nations agencies.

III. PROPOSED STRATEGY AND THEMATIC AREAS

9. Available core UNDP resources for programming for the 1997-1999 period are expected to total about $3.6 million. In order to increase the impact of these resources and to ensure that they serve as seed money for broader interventions to support national programmes, however, additional resources are required. It is hoped that at least the equivalent of UNDP resources can be mobilized through the cost-sharing mechanism, either from direct government contributions, or from

third parties, i.e, other donors. About $2.5 million is tentatively earmarked from these sources. In addition, non-core resources from a number of funds (see the resource mobilization target table in annex) are earmarked in the amount of approximately $2.2 million. This would make some $7.9 million available for programming. It is also hoped that the cost-sharing proportion can be significantly increased through additional government contributions.

10. It is proposed that UNDP cooperation be designed to satisfy the principle of sustainability, with a focus on (a) policy through advocacy for SHD issues, including those promoted by global United Nations conferences, and help in formulating policy frameworks for follow-up action; (b) people, by addressing issues that affect daily life and livelihoods; (c) poverty, by affecting the decision-making process on poverty-related issues; and (d) provision of services, by strengthening national capacity to provide public services.

11. To maximize the impact of UNDP resources, the programme approach is recommended, whereby UNDP assistance would, as far as possible, support national programmes or national programme frameworks in selected areas in order to strengthen national capacity in programme design, the coordination of national and international inputs, the mobilization of resources from other donors, and impact monitoring.

12. Capacity-building and sustainability will be further reinforced through recruitment of short-term international consultants at critical moments of programme formulation, implementation and monitoring, particularly at the upstream level; recruitment of national consultants and experts both to provide relevant opportunities and to promote sustainability; provision of computers and training for public administration officials; learning from the experience of other countries through short-term training and fellowships abroad, technical cooperation among developing countries (TCDC), and technical cooperation among countries in transition; and the use of inputs from regional programmes for democracy, governance and participation, gender in development, small- and medium-scale enterprises, environment, external resources management and poverty alleviation.

13. With the above in mind it is suggested that UNDP cooperation should focus on the following thematic areas, through the activities given below:

A. Capacity-building for governance to provide an enabling environment for sustainable human development through democratization and human rights

14. The promotion of SHD depends essentially on the allocation of human, material and financial resources according to criteria required for people-centred development. Good governance requires that government decision-making be based on up-to-date social and economic information, that there is political choice using SHD as a frame of reference, that the Government has the capacity to carry out policy, and that an enabling environment exists that will facilitate greater public participation in development activities. It is proposed that UNDP assist in the decision-making process by:

(a) Human development information. UNDP will assist (i) the Department of Statistics in conducting living conditions surveys, financed by the UNDP Poverty Strategy Initiative, in close collaboration with the World Bank and supported by the regional Poverty Alleviation Project; (ii) the establishment of a network linking the Department of Statistics, the Ministry of Finance, and the Presidency to facilitate easier access to statistical information by users; and (iii) the institutions and authors engaged in the preparation of annual national human development reports and the promotion of public awareness and policy dialogue on human development issues;

(b) Public sector capacity-building. UNDP will help the Government with (i) public administration training for middle-level and senior public officials, both in the Government and from state enterprises, in the use of computers, the English language and office management, in close collaboration with the European Union's Technical Assistance for the Commonwealth of Independent States (TACIS) programme support for the Public Administration Capacity-Building Programme; (ii) external resources management, by strengthening the office of the Vice-Prime Minister responsible for technical cooperation in programme and project formulation, appraisal and monitoring, resource mobilization and negotiation, and donor coordination, with support from the regional project on external resources management; (iii) taxation legislation reform, in the implementation of new tax structures, adopted in tax legislation prepared with European Union (EU) assistance; (iv) procurement, in establishing new public sector procedures, in collaboration with the World Bank; and (v) reinforcing local government, by assisting the Ministry of the Interior and local municipalities in the formulation of a national programme that would strengthen the capacity of local authorities to provide cost-effective public and municipal services;

(c) Democratization governance and participation. UNDP will assist a proposed national programme for democratization, governance and participation, made up of a number of components, such as (i) human rights: support to the Institute for Democracy and Human Rights in the establishment of a computerized database and information system, as well as training; (ii) democratization: support to the Parliament and the Ministry of Justice in strengthening the legal information system and library, together with training; and (iii) participation: support to the appropriate government ministry responsible for civil society affairs, by supporting the capacity-building efforts of national non-political civil societies, such as NGOs, civil society organizations, community-based organizations; and by promoting dialogue on civil society/community issues, and encouraging community-based initiatives. UNDP collaboration with relevant United Nations agencies and donors, for example the United Nations Centre for Human Rights (UNCHR), the EU, the United States Agency for International Development (USAID), the United Kingdom, as well as international and national NGOs, is envisaged, along with the above-mentioned regional project on democracy, governance and participation;

(d) Women in development. UNDP will (i) assist the newly established Women-in-Development (WID) Bureau in the formulation of a national programme for women in development, following up on the Fourth World Conference on Women, as well as the implementation of activities included in the national programme; (ii) promote the inclusion of gender-sensitive policies in national development

efforts, with particular emphasis on employment, education, training and health and (iii) assist the promotion of public awareness of gender issues through public education, etc., and help to combat violence against and abuse of women. UNDP collaboration with the regional Gender-in-Development (GID) project, and other interested donors and NGOs, is envisaged.

B. Promoting income-generating activities, employment and public services to provide sustainable livelihoods

15. In Turkmenistan, the State continues to play a major role in the provision of public services. However, with the high inflation and budgetary constraints that have marked the economic transition, public services have become difficult to maintain. They must be strengthened, and new cost-effective and participatory approaches must be adopted so that these services can respond adequately to the needs of the population and improve the quality of life. At the same time, the population must be able to participate more in decision-making that affects their own lives. It is proposed that UNDP cooperation concentrate on four main areas:

(a) Human settlements. UNDP will assist in (i) formulating a national programme to address the concerns of urban inhabitants, many of which were raised in the national report submitted to the Second United Nations Conference on Human Settlements (Habitat II), in June 1996; (ii) supporting the implementation of pilot projects to demonstrate the feasibility of low-cost initiatives that improve human settlements and the urban environment, for instance those relating to water supply, safety and waste water; sanitation; solid waste disposal; traffic management and road safety; and neighbourhood development and residential maintenance; (iii) mobilizing resources for the implementation of pilot projects and public investments; and (iv) strengthening municipal management, finance and administration. UNDP collaboration with the World Health Organization (WHO) and other interested donors, particularly the World Bank, is envisaged;

(b) Health. UNDP will assist the Ministry of Health in (i) carrying out selected activities included in the "Lukman" national programme, formulated in 1995, such as the preparation of a master plan for the health sector, the establishment of a management information system and training, the provision of upstream policy advice and capacity-building; (ii) implementation of a national HIV/AIDS prevention and control programme, under Joint United Nations Programme on HIV/AIDS (UNAIDS) coordination; (iii) implementation of a programme to control and prevent sexually-transmitted diseases; (iv) formulation and implementation, through the United Nations International Drug Control Programme (UNDCP), of a drug abuse prevention and control programme. Close collaboration is envisaged between UNDP and other interested United Nations agencies, e.g, WHO, the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA), UNDCP, UNAIDS, and the World Bank; bilateral donors such as Turkey and the United States; and NGOs such as Assistance to Turkmenistan Area (ATTA);

(c) Education. UNDP will assist the Ministry of Education in (i) formulation of a national education reform programme; (ii) the organization of sectoral studies; (iii) the organization of a national workshop and policy

dialogue on the basis of these sectoral studies; (iv) obtaining additional inputs, as required; and (v) learning from the experiences of other countries. Close collaboration is envisaged with the World Bank in the education sector;

(d) Communications. UNDP will continue to strengthen the capacity of the Turkmen postal service on commercial lines, and make it more reliable for those who depend on it, especially the more vulnerable, such as pensioners. It will also contribute to restoration of the Turkmenistan portion of the "Silk Road", to facilitate trade and traffic from Iran to Kyrgyzstan; this would complement EU assistance to the Transport Corridor from Europe to Central Asia. The improvement of postal services is part of the Government's efforts to improve communications for the general population, with a particular focus on low-income families and pensioners.

16. An essential prerequisite for SHD is the country's capacity to generate and increase both personal and public wealth. This requires an enabling policy and legal environment that will facilitate the transition to a market economy, particularly through increasing the role of the private sector. One of the most effective means of increasing the self-esteem and dignity of the population, as well as reducing social and family instability, is to create jobs and promote income-generating activities. In the context of public expenditure constraints and the diminishing economic role of the State, the private sector is often in the best position to accomplish this goal. As a result, it is proposed that UNDP assist the Government in:

(a) Private sector development: micro- and small-scale enterprise promotion. UNDP could build on the successful experience of small- and medium-scale enterprise (SME) promotion in other countries of the region, particularly Romania, use the inputs of the proposed regional project, and incorporate the lessons learned from TACIS assistance to the SME Development Agency to (i) formulate a national micro- and small-scale enterprise programme for Turkmenistan and create the necessary enabling and legislative environment for more rapid private sector development; (ii) advise individual enterprises on management issues; and (iii) establish a credit system for micro- and small-scale enterprises. UNDP collaboration with the regional SME project as well as with EU TACIS support to the SME Development Agency, and the European Bank for Reconstruction and Development (EBRD)-financed line of credit, is envisaged;

(b) Area-based development programme, Kohne-Urgench. UNDP will assist in the formulation of local area-based economic development programmes, focused specifically on employment generation and income-generating activities largely related to tourism growth in economically depressed areas. One such initiative, the Kohne-Urgench cultural area development programme, has been identified to follow up on earlier UNDP assistance. UNDP collaboration with Turkey is envisaged in financing this programme.

C. Conserving and restoring the environment to benefit present and future generations

17. With 80 per cent of Turkmenistan covered by desert, a deterioration of fertile lands due to increased salinity, a dramatic fall in the water level of the Aral Sea caused by excessive use of upstream waters, and the threat to urban and industrial infrastructures caused by the rising levels of the Caspian Sea, the country is faced with a number of serious environmental challenges that impact directly on the lives of large numbers of people. It should be noted that Turkmenistan possesses a rich and unique flora and fauna: of the 2,800 species of plants identified there, 600 are unique to the country. UNDP assistance is envisaged to improve knowledge and awareness of environmental problems and potential, to promote dialogue on alternative options at both a national and regional level, to address these in the context of national plans and programmes, and to facilitate the adoption of cost-effective solutions. UNDP assistance may be complemented by that from the regional environmental project and other funding sources, e.g., WHO, World Bank, EBRD, EU, USAID/the Peace Corps. Subject to funding availability, it is proposed that UNDP assist in four main areas:

(a) Environmental planning and monitoring. UNDP will help the Ministry of the Environment with the preparation of a National Environmental Action Programme (NEAP) and a review of progress made since the United Nations Conference on Environment and Development held in Rio de Janeiro in 1992 (Rio plus 5);

(b) Promotion of environmental projects and resource mobilization. UNDP will assist the Ministry of Environment and the Institute for Desertification in the formulation of projects for submission to the Office to Combat Desertification and Drought (UNSO), in carrying out a phase of enabling activities for Global Environmental Facility (GEF) support to a future national biodiversity strategy;

(c) National activities related to Aral Sea and Caspian Sea environmental problems. UNDP will promote national-level solutions to environmental problems regarding the Aral and Caspian Sea water levels, as a follow-up to regional and national meetings; and

(d) Urban and industrial pollution problems. UNDP will promote activities that address environmental problems relating to air, water and land pollution. UNDP will assist in activating policies and programmes for urban and industrial waste control.

18. Impact will be assessed in terms of evidence of the preparation, adoption and implementation of NEAP; the approval and implementation of other projects, such as protected zone and protected species management, including the mobilization of resources for coastal zone management, etc.; and an improvement over time of environmental indicators relevant to Turkmenistan, such as emissions, salinity, water availability and quality, etc.

IV. MANAGEMENT ARRANGEMENTS

19. Execution and implementation. National execution will be the principal modality for executing UNDP-assisted projects in Turkmenistan, while the services of United Nations agencies will continue to be used for programme level advisory and technical backstopping. Training of government officials - most importantly, the national project coordinators - on the administrative, financial and operational modalities of national execution is envisaged in order to develop further project management skills and national ownership. The programme approach is becoming increasingly relevant and essential for UNDP assistance in Turkmenistan. The very close collaboration of the Government with UNDP and other donor agencies is envisaged leading to the formulation and implementation of concrete national development programmes in such areas as health, education and the environment. While continuing its direct involvement in the formulation of national programmes, UNDP, together with other donors, will complement the efforts of the Government and other donors by concentrating its resources in specific components of these programmes.

20. Monitoring, review and reporting. All projects will be subject to normal UNDP monitoring and evaluation procedures, including progress and technical reports, meetings and visits. Particular attention will be given to establishing benchmarks and success criteria for national programmes, with UNDP and other assistance.

21. Coordination. The United Nations Resident Coordinator and the UNDP office will continue to assist the Government in its coordination efforts and in the organization of theme groups to discuss relevant development issues. Coordination of United Nations system activities and with other donors will continue, particularly in the context of preparing a future country strategy note.

22. Resource mobilization. In view of the limited core resources available ($3.6 million including carry-over), particular attention will be paid to the mobilization of additional national and international resources to provide a critical mass for the achievement of national programme objectives, as far as possible using the cost-sharing mechanism. Such resources would be focused on those areas of particular interest to the relevant government departments and donors, and UNDP may need to focus on those areas with the best possibilities for resource mobilization. Tentative cost-sharing requirements of about $2.5 million are given in the resource mobilization target table, and it is hoped that in due course UNDP core resources will be more than matched by cost-sharing contributions. These would be complemented by future funding from GEF, UNSO, and potentially other donors. With respect to government cost-sharing, the Government agrees to make a matching contribution to the UNDP budget either through national funds or through the use of grants and loans from other donors.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR TURKMENISTAN (1997-1999)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	1 403	
TRAC 1.1.1	489	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
Other resources	1 156 60	In line with decision 95/23, paragraph 19. TSS-1 (38) and SPR (22) for Poverty Strategy Initiative
SPPD/STS	210	
Subtotal	3 318[a]	
NON-CORE FUNDS		
Government cost-sharing	2 085	
Sustainable development funds GEF Capacity 21	1 180 of which: 1 660 150	
Third-party cost-sharing	400	
Funds, trust funds and other: Poverty Strategy Initiative • UNAIDS • UNSO	290 of which: 90 50 150	
Subtotal	4 585	
GRAND TOTAL	7 903[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; IPF = indicative planning figure; SPPD = support for policy and programme development; SPR = Special Programme Resources; STS = support for technical services; TRAC = target for resource assignment from the core; TSS = technical support services; UNAIDS = Joint United Nations Programme on HIV/AIDS; and UNSO = Office to Combat Desertification and Drought.